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3 February 1959

MEMORANDUM FOR: Chief of Foreign Intelligence

SUBJECT : Project AEBATH (Extension)

SR - Munich

1. The attached project, originating in SR Division, is presented for your approval of an extension of the project for the period 1 August 1958 through 31 March 1959, during which time the sole agent in the project will be transferred to the [] The project was renewed in September 1957 with the understanding that the agent would be resettled or the project terminated by July 1958. Extenuating circumstances for the delay in effecting his transfer are given in the extension request. Initially the project was approved with the objectives of developing CE leads and backstopping double-agent operations of the Munich Base.

2. Authority is requested to obligate \$6,000 for the period of the eight-month extension from the DD/P-SR Division operating budget for fiscal year 1959, bringing the FY 1959 total to \$6,575 and the project year total to \$13,300. The estimates for the extension include the salary for that period for AECAPELIN/1 and these expenses: rental of Munich operational office (\$300); purchase of information in Munich (\$400); operational travel and materials (\$500); transfer to Paris including a \$200 rental agent's fee (\$600); and possible loss in sale of personal apartment in Munich (\$1,000). The agent's Munich cover office, for which a 10-year lease was signed in 1958, will be used for other Munich base operations, according to the Division.

3. The attached request, prepared in SR Division and coordinated with WE Division, seeks the extension on the basis that a field project outline is now under preparation by the [] which will propose the use of AECAPELIN/1 in the SR/CE program of that base for which he will provide information on Soviet personalities and installations in France, RIS activities in France, and report on pro-Soviet elements among the emigres from the USSR. The Division notes that his transfer to Istanbul and Athens were also considered and that the final details of his transfer to Paris are now being worked out by the Munich [] bases. The Division states that during his eight years of service in Munich AECAPELIN/1 has materially aided the furtherance of the Station's RMD with regard to its CE objectives. The

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4. Appropriate components of the Senior Staffs recommend approval of the request for the extension and suggest the earlier termination of this project should the new project for AECAPELIN/1 be approved before that date. I recommend its approval.

Approved:

Date _____

For CI Staff

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19 December 1958

MEMORANDUM FOR: Chief, FI/OPS

SUBJECT : Request for Extension of Project AEBATH

REFERENCE : Renewal of Project AEBATH, dated 4 September 1957

1. It is requested that Chief, Foreign Intelligence approve the extension of Project AEBATH for a period of eight months from 1 August 1958 to 31 March 1959.

2. BACKGROUND: Project AEBATH was first approved in 1950 and has been renewed yearly since that time. The purpose of the project has been the acquisition, through AECAPELIN-1, of counter-espionage information in the Munich area.

In September 1957, Project AEBATH was renewed for the period 1 August 1957 through 31 July 1958 with the following stipulations:

"FI/OPS concurs in the renewal of Project AEBATH to enable the Munich Base and the SR Division to consider resettling the agent in another area where he can operate more productively and more securely. This recommendation was discussed with the case officer who has agreed that if the agent is not resettled during the renewal year the project should be terminated."

This recommendation was based on security factors arising from the misrouting of a Munich dispatch to UPSWING and the security risks inherent in AECAPELIN-1's long period of service in the highly-charged climate of the dwindling Munich emigre population. (See Attached Project Renewal for 1958 for details). Transfer of AECAPELIN-1 to another area of operation would automatically obviate the security complications, as outlined in the 1958 Project Renewal.

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3. FUTURE PLANS: Upon receipt of the approved project SR Division informed Munich Base of FI/OPS recommendations and requested that steps be initiated to facilitate an early transfer of AECAPELIN-1 to another area of operations. During the course of the project year, Munich Base investigated possibilities of transfer of AECAPELIN-1 to Istanbul or Athens but due to unforeseen contingencies was unable to complete the transfer of the agent by 31 July 1958.

However, since that date plans have been completed to transfer AECAPELIN-1 [] where he will be utilized as a contract agent in the SR/CE program of that base and will provide information on Soviet personalities and installations in France, RIS activities in France, and report on pro-Soviet elements among the emigres from the USSR. Details concerning a secure transfer and establishment of adequate cover in Paris are currently being worked out by the Munich [] bases.

SR Division is requesting an eight month extension (1 August 1958 to 31 March 1959) to Project AEBATH in order to allow sufficient time for:

- a) Munich Base to wind-up AECAPELIN-1's personal affairs in such a manner as to provide a logical and secure reason for his removal from Munich to Paris;
- b) [] to resolve all problems concerning AECAPELIN-1's visa to France, and his new cover employment, and to obtain secure personal living quarters in Paris;
- c) [] and Headquarters to prepare and obtain approval for a new project to cover AECAPELIN-1's new assignment in France.

Should it prove possible to complete AECAPELIN-1's transfer to Paris under a new project prior to 31 March 1959, SR Division will immediately request a termination of Project AEBATH.

4. RESOLUTION OF AECAPELIN-1/UPSWING RELATIONSHIP. AECAPELIN-1's UPSWING role has been limited to reporting on the political aspects of the Ukrainian emigration in Munich. Copies of reports passed to UPSWING were turned over to the Munich Base case officer. Since AECAPELIN-1 can terminate his relationship with UPSWING at any time he so desires, Munich Base has instructed him to effect such termination in a secure manner prior to his departure to Paris.

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5. PRODUCTION: Project AEBATH was designed to provide counter-espionage leads to aid in backstopping double-agent cases in the Munich area and has proved very worthwhile and productive for a period of eight years. The outstanding ability and industry of the principal agent, AECAPLIN-1, has materially aided the furtherance of the Station's Related Mission Directive. Information provided by AECAPLIN-1 has supported our intelligence objectives in the following ways:

- a) Provided counter-espionage background information on Soviet and emigre affairs in West Germany and Austria;
- b) Through close contact with emigre leaders, provided information on overland dispatches into Poland and Hungary effected by emigre organizations;
- c) Provided detailed information on security staffs, personalities and methods of operations of several emigre organizations;
- d) Has enabled us to monitor UPSWING interests in the emigre field;
- e) Provided biographical and operational material for the support of several SR (CE, PP, and FI) projects.
- f) Provided us with information on the activities of the East Berlin Committee for the Return to the Homeland among the emigres in West Germany; and
- g) Has provided numerous counter-espionage and operational leads valuable in the support of existing double-agent cases or the development of new cases.

Since AECAPLIN-1's primary responsibility was that of a CE informant he has had no access to and hence has produced no positive intelligence information as such. He will continue his CE informant activities in Munich until such time as the transfer to Paris is completed. Information formerly provided by Subject will be obtained in the future through other assets now being developed by Munich Base.

6. DISPOSITION OF PERSONNEL: AECAPLIN-1 is the sole agent under Project AEBATH. He will be transferred to the ☐ as an SR contract agent on or before 31 March 1959. A new project and memorandum of oral agreement in lieu of contract will be submitted to cover his activities in Paris.

7. DISPOSITION OF ASSETS: On 1 October 1957, AECAPLIN-1, with our approval, signed a 10-year lease for a Munich office necessary for his operational activities. Approval was granted for the 10-year lease and the payment of DM 1440.00 key money because of the tight housing situation existing in Munich. Since AECAPLIN-1 can terminate the contract at any

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time he desires, Munich Base instructed subject on 2 October 1958 to serve notice of his intent to vacate and to sell the unexpired portion of the contract. Any monies that AECAPLIN-1 realizes from the sale of this contract will be returned to Munich Base. (Note: No Pro's 0 inforans that AECAPLIN-1 has been asked to initiate attempts to sell his personal apartment. Since his transfer is at our request, any losses incurred by AECAPLIN-1 in such a sale should be covered under Project AKBATH. Funds necessary to cover above losses are included under the estimated project expenditures. (See paragraph 8e, below).)

In view of subject's impending transfer to Paris, AECAPLIN-1 has been asked to initiate attempts to sell his personal apartment. Since his transfer is at our request, any losses incurred by AECAPLIN-1 in such a sale should be covered under Project AKBATH. Funds necessary to cover above losses are included under the estimated project expenditures. (See paragraph 8e, below).

8. PROJECT EXPENDITURES: Project AKBATH was approved for project year 1958 for a total of \$7,300.00. The actual expenditures for project year 1958 as reflected by SR/Budget and Finance accountings was \$7,228.89.

The estimated expenditures for the requested eight month extension period (1 August 1958 to 31 March 1959) is \$6,000.00. This will include all expenditures connected with the transfer of AECAPLIN-1 to Paris. Following is a breakdown of the above sum:

a. Salary - Paid in Munich @ \$200 per month for eight months in West German currency	\$1600.00
b. Salary - Hq Escrow Account @ \$200 per month for eight months	1600.00
c. Purchase of Information and Rental of operational office for AECAPLIN-1 in Munich	700.00
d. Operational Travel	350.00
e. Fund for Transfer of AECAPLIN-1 and effects to Paris, including expenses connected with possible loss in sale of subject's personal apartment in Munich.	1400.00
f. Initial Key Money for Paris Living Quarters	200.00
g. Operational Materials	150.00
Grand Total	\$6000.00

9. TIMETABLE: It is anticipated that AECAPLIN-1 will effect his transfer to France in one to three months (in any event prior to 31 March 1959) depending on the complications of obtaining a visa, establishing secure cover employment in Paris, and winding up of subject's personal affairs in Munich. Until that time he will continue his previous assignments under MGB jurisdiction in Germany.

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[] is now preparing a new project outline for the utilization of AEGAPLIN-1 in France. It is anticipated that the project outline will be completed and submitted for approval not later than 28 February 1959.

10. For any further information, please contact [] SR/3-CE, 1510 J Building on Extension 3945.

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Chief, SR/3

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